

REQUEST FOR QUALIFICATIONS

Addendum # 1



Department Of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-684-1681 TTY RELAY: 711

DATE ISSUED: **August 30, 2005**

RFQ Title: **Investment Banking Services**

Requesting Dept./ Div.: **King County Department of Executive Services – Finance & Business Operations**

RFQ Number: **141-05RLD**

Due Date: **September 8, 2005 – no later than 2:00 P.M.**

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This addendum is issued to revise the original Request for Qualifications, dated August 11, 2005 as follows:

1. The submittal opening date remains the same: Thursday, September 8, 2005, no later than 2:00 p.m. exactly.
2. The following RFQ requirement has been revised. See change from 5 to 7 copies in **bold**;
Submittal: King County requires the Submitter to sign and return *this entire Request for Qualification (RFQ) document*. The Submitter shall provide *one unbound original* and **seven (7) copies** of the submittal response, data or attachments offered, for **eight (8) items** total. The original in both cases shall be noted or stamped "Original".

The following information is in response to questions received:

Q1: Does the County has a Financial Advisor, and if so, who that is?

R1: *The County's financial advisor is Seattle Northwest.*

Q2: Do you mind letting us know which firms currently are under contract?

R2: *The County's current pool of senior underwriters is comprised of Lehman Brothers, Citigroup, UBS and Morgan Stanley.*

TO BE ELIGIBLE FOR AWARD OF A CONTRACT, THIS ADDEMDUM MUST BE SIGNED AND SUBMITTED TO KING COUNTY

Sealed submittals will only be received by:

King County Procurement Services Section, Exchange Building, 8th floor, 821 Second Avenue, Seattle, WA 98104-1598. Office hours: 8:00 a.m. - 5:00 p.m., Monday - Friday

Company Name

Address		City / State / Postal Code
Signature	Authorized Representative/Title	
Email	Phone	Fax

This Request for Qualifications – Addendum will be provided in alternative formats such as Braille, large print, audiocassette or computer disk for individuals with disabilities upon request.

Q3: Is there supposed to be a page limit if we are responding to both RFQ items (as a full underwriter).

R3: The responses are limited to 10 double-sided pages for full underwriters.

Q4: Who will be the parties involved in the evaluating the RFQ?

R4: This is undecided at this point, but most likely will include a minimum three County personnel. The County's financial advisor -- Seattle Northwest -- will likely provide some technical input to support the evaluation.

Q5: We would like to receive a copy of the County's debt and swap policy (or let us know where we could locate these documents.)

R5: At present, the County does not have either a formal written debt policy or swap policy. We are working on these and hope to have them adopted within the next year.

Q6: The RFQ states that submittals should be no more than 10 double-sided pages. Please confirm that this means 20 written pages.

R6: Yes

Q7: For purposes of our response, should we assume that the County will issue the contemplated variable rate bonds for the wastewater system on the Junior Lien?

R7: Yes -- assume that the new wastewater variable rate debt will be issued on the Junior Lien.

Q8: The \$200 million 2005 new money issue for sewer system capital improvements was issued as Parity Lien Obligations (secured by both sewer revenues and the County LTGO credit). What is the County's expectation of future use of this credit vs. the use of Parity Bonds to fund future capital needs?

R8: While the County will occasionally issue additional Parity Lien Obligations in the future, responses should assume that the wastewater capital program will continue to be financed solely through the issuance of Parity Bonds.

Q9: What has been the cost of credit enhancement for the County in recent years? Specifically:

- insurance premium for 2005 LTGO sewer issue
- Insurance premium for 2004A and B Sewer revenue bonds

R9: The insurance premiums paid for the last 3 series of bonds issued to finance the wastewater capital program were as follows:

<i>2005 Parity Lien Obligations</i>	<i>FGIC</i>	<i>\$676,450</i>
<i>2004A Parity Bonds</i>	<i>MBIA</i>	<i>\$837,700</i>
<i>2004B Parity Bonds</i>	<i>MBIA</i>	<i>\$229,500</i>

Q10: Part 3, Question E of the RFQ requests refunding opportunities for the County's GO or sewer debt. Should the response to this question address only the County's GO debt applicable to the sewer system (Parity Lien Obligations), or should the response address all County GO debt?

R10: The response to Part 3, Question E should address all County GO debt.

Q11: Is question D, Strategic Plan for Variable Rate Debt, specific to the County's wastewater system? We also wanted to clarify whether the 15% variable rate limitation is calculated as a percent of outstanding WASTEWATER debt (not including other outstanding County debt.)

R11: Yes, Question D is specific to the County's wastewater system. The 15% variable rate debt limitation is presently calculated as a percent of total Wastewater Parity Bonds and Parity Lien Obligations.

Q12: Question E of the RFQ asks us to estimate underwriter's counsel fees, assuming that the County will pay the costs of printing the official statement. Should we be assuming that underwriter's counsel will be preparing the POS and the OS? We are generally assuming the following scope of services in the

underwriter's counsel fees: preparation of the POS, OS, 10b5 opinion and bond purchase agreement, as well as any necessary blue sky investment surveys.

R12: No. Please assume that the County's financial advisor will prepare the POS and OS.

Q13: Section B states, "Identify the volume of variable rate debt, by type, for which your firm serves as remarketing agent." What is meant by "type"?

R13: Multi-modal Variable Rate Demand Bonds, Auction Rate Notes and Commercial Paper

Q14: For Section E, should the detailed numbers for the refunding scenarios be included in an appendix? Will this appendix be included in the page count?

R14: No, such supporting detailed numbers will not be included in the page count.

Q15: Also, in Section E, under "Fees" please specify a par amount for computation of those expenses that will be assessed on a per bond basis?

R15: Please base your fee proposal on an assumed bond size of \$50 million.

Q16: What are the County's intentions/needs for the Commercial Paper program in the near-term, intermediate-term and long-term?

R16: The \$100 million Commercial Paper program is basically viewed as a permanent component of the funding base for the wastewater program. However, the amount outstanding may on occasion be reduced in order to allow the issuance of additional variable rate debt in discrete amounts that would otherwise cause total variable rate debt to exceed the county's 15% limitation.

Q17: The LTGO Bonds, 2004 Series D refunded a portion of the LTGO Bonds, 1997 Series B. The Bonds maturing in 2005-2009 should still be outstanding, but the issue is not listed in the CAFR as outstanding. They do not appear to have been cash defeased. Are they outstanding?

R17: There never were any LTGO 1997 Series B bonds maturing prior to 2011.

Q18: The Debt Service schedule from the Official Statement for the LTGO Bonds, 2005 Series A does not seem to include the debt service from the LTGO Bonds, 2003 Series A & B. Are these bonds still outstanding?

R18: Yes, these bonds are still outstanding.

Q19: The debt service for the UTGO is differs from the aggregate of the outstanding maturities in the years 2005/6-2008/9. The difference is equal to maturities of \$235M, \$245M, \$260M, \$270M coming due annually beginning in 2005/6 and bearing interest at 5.30%. Is there an outstanding issue (bonds, loan, etc.) that is not listed in the CAFR or the Official Statements?

R20: There are no other outstanding issues. There are only five outstanding UTGO issues (2000, 2001, 2003, 2004 Series A and 2004 Series B). (Without further research, we cannot explain the slight discrepancy in the numbers that you have identified.)

Q20: How is the common debt service reserve fund invested (GIC, etc.)?

R20: It is invested in the County's Investment Pool.

Q11: In the RFQ, it does reference the County's financial policies in Part 2 with regard to its 15% limitation of variable rate. It was this policy that we were requesting. Perhaps the "15%" is not part of a more comprehensive policy?

R11: No. Different funds within the County follow their own financial policies and the 15% limitation on the use of variable rate debt is incorporated in the wastewater enterprise's financial policies. There is no county-wide debt or interest rate swap policy.